

MINUTES
February 6, 2003

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, February 6, 2003 - 9:30 a.m.
Seattle Metropolitan Credit Union
Credit Union Conference Room – 3rd Floor

Present: Jan Drago, Lou Walter, John Curtin, Mary Norris and Frank Mathews.

Absent: Dwight Dively and Norma McKinney.

Also Present: Ken Leask – ARSCE, Walt North – ARSCE, Gwen Jensen, Jess Tapp – ASRCE, Russ Teller – ARSCE, Ed Kidd – ARSCE, John Love – ARSCE/Transit, Jim Fletcher – ARSCE/RCLEA, Ken Hunich – ARSCE, Maureen Madion – Law, Sandra Cohen – Law, Jim Coover – ARSCE, Bill Farrell – ARSCE, Roger Howeiler, Mel Robertson and Norm Ruggles.

Public Comment: Ed Kidd commented that the large volume of withdrawals should spark the Board to ask City Council to consider raising employer contribution rates back to 8.91%. He said that without a contribution hike the COLA increase will not be likely to occur soon. Norm explained that most of the payouts were to the Zoo employees withdrawing from City employment and becoming employees of the Woodland Park Zoo Society, and when they withdrew their funds they also relieved the Retirement System of any obligation to pay benefits to them. John Curtin suggested that the Board discuss the contribution rates at the retreat.

Minutes:

Upon motion by Frank Mathews, seconded by Mary Norris, the Retirement Board approved the minutes from the January 9, 2003 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses plus the Zoo-SIP employer's portion payout. The employees' portion of the payouts is included in detail on the next page.

Service	\$ 4,992,386.06
Disability	55,015.08
Beneficiary	628,236.39
Pension Payroll – January 2003	\$ 5,675,637.53
Office Payroll - pay period ending December 17, 2002	\$ 20,349.40
Office Payroll - pay period ending December 31, 2002	\$ 19,977.38
Office Payroll - pay period ending January 14, 2003	\$ 20,860.25
Vouchers Processed - from December 24, 2002 through January 28, 2003	\$ 2,652,164.89 *
* \$ 760,479.16 Expert and Consultant Services	
* \$ 1,874,502.87 Zoo-SIP Employees' Rollover to 403(b) - Employer's Portion	
Manual Warrants - Zoo-SIP Employees' non-rollover withdrawals - Employer's Portion	\$ 526,752.23

Immediate Withdrawal of Contributions

Member	<u>Department</u>	<u>Position</u>
Abbey, Diane Kathleen	Parks	Zoo Keeper
Alcaraz, Trinidad	Parks	Security Officer
Allianic, Gigi Tara	Parks	Public Relations Spec, Sr
Anstead, Robert D	ESD	Electrician
Antilla, Andrew M.	Parks	Zoo Keeper
Aversa, Thomas J.	Parks	Zoo Keeper

Bailey, Hugh M.	Parks	Zoo Keeper
Barker, Rebecca Phillips	Parks	Zoo Keeper
Barr, Allison D	Parks	Zoo Keeper
Bauman, Laurie A	Parks	Zoo Keeper
Belleful, Margaret Lanphier	Parks	Ed Program Sup
Benson, David Lee	ESD	Electric crew chief
Bloomer, Don H	Parks	Zoo Keeper
Bohmke, Bruce W	Parks	Manager II
Bottcher-Law, Lisa Schell	Parks	Zoo Keeper
Brandt, Amy Elizabeth	Parks	Zoo Keeper
Brook, Glenn A	Parks	Maintenance Laborer
Carter, Eugene	Parks	Carpenter
Cheney, Warren F	DCLU	Economist Sr
Claassen, Pamela J	Parks	Gardener
Collins, Darin Michael	Parks	Zoo Vet Association
Conaway, Patrick J	Parks	Security Officer Supervisor
Cowell, Paul J	Parks	Zoo Keeper
Cox, Pamela A	Parks	Zoo Keeper
Cremer, Steven N	Parks	Zoo Keeper
Dally, Jonathan N	Parks	Zoo Ed Asst
Davey, Stephen M	Parks	Facilities Maintenance
Dock, Johanna Elizabeth	Parks	Education Program Asst
Dougall, John T	Parks	Grounds and Facilities Sup
Dupuy, Louis E.	Seattle Center	Security Officer
Endow, Irene M	Parks	Graphic Arts Designer
Falconer, Tony Allan	Parks	Laborer
Farnham, Norah K	Parks	Zoo Keeper
Farrell, Linda H	Parks	Public Ed Program Sup
Federighi, Gregory M.	Parks	Metal Fabricator
Fisher, Susan Marie	Parks	Admin Spec I
Forbes, Stephanie N	Parks	Zoo Keeper
Fortune, Edgar M	Parks	Zoo Keeper
Frederick, Cheryl Ann	Parks	Zoo Keeper
Frohring, Heidi J	Parks	Zoo Keeper
Gallagher, Kathy Lynn	Parks	Laborer
Gary, Marilyn P	Parks	Laborer
Glembotski, Gary B	ESD	Electrician
Gonzalez, Dannette J	Police	Community Service Officer
Goss, Dana'e Lynn Frick	Parks	Exhibits Tech
Grubbs, Dave C	Parks	Zoo Keeper
Gutierrez, Carlos D	Parks	Accounting Tech I
Haas, Kimberly Ann	Parks	Volunteer Programs
Hermann, Teri L	Parks	Senior Keeper
Hook Jr, Edward Lindsten	Parks	Landscape Supervisor
Houglan, Sheila A	Personnel	Charitable Campaigns Coord
Howard III, Allen R.	Parks	Gardener
Huckins, David Patrick	DCLU	Elevator Inspector
Huff, Bradley L.	Parks	Gardener
Ingerson, Martin Irvin	Park	Cashier
Johnson, Mary T	Police	Admin Spec I
Karlberg, Paula Ann	Parks	Admin Spec II
King, Joseph	Parks	Maintenance Worker
Kinnay, Saye A	Police	Warrant Officer
Kintzi, Julie L	Parks	Gardener Sr
Kittleson, Lann G	Parks	Warehouser
Koschwanez, John H	Light	Electrical System Engr
Krasucki, Leathia	Parks	Ed Program Asst

Kvenild,Cassandra M	Library	Librarian
Lawson,Elizabeth J	Parks	Zoo Keeper
Lebens,Karen A	Light	Hydroelec Operator II
Leger,Tamara	Parks	Admin Spec I
Manetti,Sara A	Parks	Zoo Keeper
McCoy,William L	Parks	Laborer
Mcdonald,Robert N	Police	Police Dispatcher
McLane,Peter C	Parks	Zoo Keeper
Metcalf,Harold J	Parks	Warehouser
Moberg-Butler,Claudia	Parks	Admin Spec 1
Mozel,Gary D	Parks	Public Ed Program Sup
Mullett,Tina M	Parks	Senior Keeper
Neitman, Keith E.	Parks	Zoo Keeper
Nelsen,Lori Ann	Police	Warrant officer
Nicolas,Michael J	Parks	Exhibits Electrician
O'Connor,Teresa A	Parks	Manager 1
Payne,Stephanie S	Parks	Zoo Keeper
Perez,Richard B	Muni Court	Accountant
Phair,Shawna Tiffany	Neighborhoods	Customer Service Rep
Pittman,Lora J	Parks	Maint Laborer
Reed,Dan M	Park	Zoo Keeper
Reid,Robin W	Parks	Zoo Keeper
Reynolds,Mike A	Parks	Warehouser
Rivera,Buddy L	Parks	Security Officer
Roach,Jo Alene	Parks	Zoo Keeper
Roach,Russell Francis	Parks	Zoo Keeper
Saeteurn,Sou T	Library	Custodian
Sammons,Laurence King	Parks	Building Project Coord
Scott,James Winfield	Parks	Zoo Keeper
Scott,Vincent Serrel	Park	Carpenter Apprentice
Scott-Green,Celwyn Leigh	Parks	Zoo Keeper
Sealy,Roslyn Gina	Parks	Zoo Keeper
Selk,David M	Parks	Gardener Sr
Sellers,Bret L	Parks	Zoo Curator
Shane,Scott	Parks	Ed Program Sup
Shrake,David R	Parks	Senior Zookeeper
Sims,Alan Thomas	ESD	Electrician
Smith,Robert A	Seattle Center	Laborer
Snyder,Stephanie Lynn	Parks	Exhibits Tech
Speers,Mike	Parks	Gardener
Stahl,Sallie A	Parks	Laborer
Sullivan,Erin M	Parks	Zoo Keeper
Tafesse,Eskedar	Personnel	Admin Spec II
Teller,Michael William	Parks	Zoo Keeper II
Thompson,Mark A	Parks	Security Officer
Tietjen,Donna	Seattle Center	Training & Ed Coord Sr
Tong,Michael Donald	Parks	Zoo Keeper
Wilder,William H	Parks	Exhibits Tech
Wojciechowski,Jennifer	Parks	Security Officer
Zegeye, Yekaba	Library	Janitor

Upon motion by Frank Mathews, seconded by John Curtin, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Anthony, Margaret E	01/01/2003	30	106	Parks	Executive 2	51	S
Bellinger, Marguerite	01/04/2003	33	155	City Light	Electrician	53	S,G-50
Bonar, Gilbert H.	12/27/2002	10	323	Dual Member	Vested	57	C5
Brumback, Gladys Ann	01/01/2003	10	128	Police	Victim Advocate	69	S
Clark, Gary R.	01/01/2003	27	157	ESD	Project and Development	55	S
Daniels, Annie M.	11/08/2002	13	254	City Light	Electrical Sales Order	58	A
DeLeon, Sofia E.	01/07/2003	20	72	City Light	Admin Spec I	53	E
Edmonds, Helen	12/21/2002	10	224	Police	Crossing Guard	65	C5
Eggleston, Craig	01/11/2003	30	208	Parks	Maintenance Laborer	52	S,F,G-50
Harke, Charles	12/04/2002	33	214	Parks	Zoo Keeper	58	C20,G-50
Hilgar, Sharon S.	12/14/2002	19	6	Library	Library Associate	61	C10
Holden, Marjorie	01/01/2003	23	10	Personnel	Sr. Training and Education	58	S
Kent, Henry M.	01/01/2003	29	234	Finance	Systems Analyst	70	D
LaFrance, Joan	12/31/2002	13	265	Personnel	Strategic Advisor 1	59	C10
Martinez, Yolanda R.	01/04/2003	21	326	Neighborhoods	Neighborhood Dist Coord	66	S
Menn, Boris	01/07/2003	17	75	City Light	Electrical Engineer, Asst	69	E
Morgan, Kenneth R.	12/04/2002	28	150	Parks	Zoo Keeper	56	S,G-100
Nable, Pilar S.	01/08/2003	23	274	SPU	Admin Spec II	63	C20
Nash, Roy	01/09/2003	25	90	City Light	Lineworker	52	D,F,G-100
Nichols, Clifford E.	01/01/2003	18	89	SPU	Chief Watershed Inspector	62	D
Nickels, Michael	12/04/2002	30	1	Parks	Warehouser	53	S
Thompson, Gregg S.	12/04/2002	29	238	Parks	Zoo Keeper	54	S
Trees, Dennis	01/01/2003	30	0	Seattle Center	IT Manager 2	58	C20,F
Wilson, Heather	12/11/2002	30	1	K.C. Health	Nurse	57	C5

Upon motion by Jan Drago, seconded by John Curtin, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Items in the Investment Summary were highlighted by Norm.

Upon motion by Jan Drago, seconded by John Curtin, the Retirement Board approved the Investment Summary report.

Investment Committee Report:

It was announced that the Investment Committee and the Investment Advisory Committee are scheduled to meet at noon on Thursday, February 27, 2003 in the Credit Union Conference Room, to review the investment performance for the 4th quarter of 2002.

Norm discussed the presentations made to the Investment Committee on January 30, 2003, by Advent Capital and Hearthstone and presented the Committee recommendation that \$10,000,000 be invested with each firm.

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board approved investing \$10,000,000 in the Advent Convertible Arbitrage Fund, and investing \$10,000,000 in the Hearthstone Multi-State Residential Value Added Fund III.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

A final Agenda for the Board Retreat on March 6, 2003 was handed out, and the topics and schedule were found satisfactory by the Board.

Norm and attorney Maureen Madion described the draft "Rules and Procedures for Retirement Board Hearings". Maureen explained the City requirements when rules are being adopted. It was decided that the necessary steps would be taken to make the rules official, after the Board has had further time to review them. Lou Walter suggested some revisions. The rules will be further discussed at the next Board meeting.

Norm gave an update on the RFP for Performance Measurement and Transaction Audit Services. The deadline for proposals was January 24, 2003, and five proposals were submitted. Until the review and selection of the successful proposer is completed, Wurts & Associates will continue to provide these services on a month-to-month basis, as approved by the Board and agreed by Wurts in a letter agreement, copies of which Norm gave to the Board.

Norm discussed the Retirement System's need for additional legal services and said he has had several conversations with the Law Department about what might be done to increase services. Sandra Cohen, Director of the Municipal Law Section, addressed the Board and agreed that additional services are needed. Sandra described the Law Department's proposal to provide a half-time attorney to the Retirement System, with the costs of employing the attorney to be paid by the Retirement System. The initial agreement would be to provide additional services on this basis through 2004. There were questions and comments from the Board. Chair Drago, with the agreement of other Board members, requested that a Work Plan for legal services be developed and presented to the Board, showing past legal services and costs; current projects for which legal help is needed; and costs and alternatives for obtaining additional services. Norm said he would work on this and present a Work Plan to the Board for review.

Notes from four retirees stating their request for an increase in their current COLA were given to the Board by Norm. Jan said she has received some similar notes and emails.

Norm distributed to the Board copies of the Investment Advisory Committee's 2002 Annual Report. John Curtin requested that future reports show the names and positions of the Committee members in the introductory section of the report.

Maureen Madion described a problem in the Municipal Code provision which permits the purchase or "buyback" of retirement service credit for certain military time. Section 4.36.124 prohibits the purchase of service credit if a member is already receiving a military retirement. Maureen said she has researched this provision and has found that, under federal law, an employee cannot be denied the opportunity to purchase military time even though he or she is already receiving a military retirement. She said federal law preempts local law.

Upon motion by Lou Walter, seconded by Frank Mathews, the Board voted to request City Council to remove the language in the Code which prohibits the purchase of military time if a member is receiving military retirement benefits, such removal to be contained in future retirement legislation when other revisions are made to the Code; and that staff should disregard the current prohibition.

Old Business:

(1) Status of Benefit Enhancements

Jan Drago informed the Board that the estimated current funding level of the Retirement Fund is 74.18% as of December 31, 2002.

Lou Walter expressed his interest in keeping possible benefit enhancements in front of the Board and having the Board develop a list of possible options, including ad hoc COLA adjustments. Mary Norris said she supported Lou's comments.

Jan passed out a copy of a Seattle Times article about the State Pension Systems' contribution problems and suggested that this be discussed at the March Board retreat.

New Business:

Jan explained that she had recently been appointed to City Council's Energy and Environmental Policy Committee, which holds meetings at the same time as the Retirement Board meetings. She suggested that Board meetings might be held earlier in the morning, or possibly on an alternate monthly date. She asked Norm to look into the options that may be available.

Adjournment

The meeting adjourned at 11:10 a.m.

Norma McKinney, Secretary